



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
FORMER CHRISTIAN COUNTY  
SHERIFF'S SETTLEMENT - 1998 TAXES**

**July 13, 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
SHERIFF'S SETTLEMENT - 1998 TAXES .....	3
NOTES TO FINANCIAL STATEMENT .....	5
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	9





# Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Steve Tribble, County Judge/Executive

Honorable William Gloyd, Christian County Sheriff

Honorable Thomas E. Scillian, Former Christian County Sheriff

Members of the Christian County Fiscal Court

## Independent Auditor's Report

We have audited the former Christian County Sheriff's Settlement - 1998 Taxes as of July 13, 1999. This tax settlement is the responsibility of the former Christian County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The former Sheriff prepared his financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the former Christian County Sheriff's taxes charged, credited, and paid as of July 13, 1999, in conformity with the basis of accounting described in the preceding paragraph.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Steve Tribble, County Judge/Executive

Honorable William Gloyd, Christian County Sheriff

Honorable Thomas E. Scillian, Former Christian County Sheriff

Members of the Christian County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated August 24, 1999, on our consideration of the former Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
August 24, 1999

CHRISTIAN COUNTY  
THOMAS E. SCILLIAN, FORMER SHERIFF  
SHERIFF'S SETTLEMENT - 1998 TAXES

July 13, 1999

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 1,435,719	\$ 662,405	\$ 4,473,802	\$ 1,961,363
Tangible Personal Property	230,234	64,998	546,609	653,312
Intangible Personal Property				330,894
Fire Protection	1,634			
Franchise Corporation	195,797	59,102	444,774	
Oil, Gas, and Undeveloped Oil and Gas	1,424	578	4,438	1,946
Limestone, Sand, and Gravel Reserves	391	159	1,219	535
Additional Billings	290	106	904	396
Omitted Taxes	274		878	439
Bank Franchise	109,155			
Penalties	1,148	581	2,769	138
Adjusted to Sheriff's Receipt	(2)	27	12	19
Gross Chargeable to Sheriff	<u>\$ 1,976,064</u>	<u>\$ 787,956</u>	<u>\$ 5,475,405</u>	<u>\$ 2,949,042</u>
<u>Credits</u>				
Discounts	\$ 25,798	\$ 11,044	\$ 77,418	\$ 47,357
Exonerations	4,688	2,092	14,042	5,858
Transferred to Incoming Sheriff	<u>182,160</u>	<u>85,800</u>	<u>553,986</u>	<u>294,418</u>
Total Credits	<u>\$ 212,646</u>	<u>\$ 98,936</u>	<u>\$ 645,446</u>	<u>\$ 347,633</u>
Net Tax Yield	\$ 1,763,418	\$ 689,020	\$ 4,829,959	\$ 2,601,409
Less: Commissions (a)	<u>75,233</u>	<u>29,283</u>	<u>144,899</u>	<u>110,847</u>
Net Taxes Due	\$ 1,688,185	\$ 659,737	\$ 4,685,060	\$ 2,490,562
Taxes Paid	1,687,757	659,583	4,683,726	2,489,953
Refunds (Current and Prior Year)	<u>428</u>	<u>194</u>	<u>1,345</u>	<u>597</u>
Due District or (Refunds Due Sheriff)	(b)	(c)		
as of Completion of Fieldwork	<u>\$ 0</u>	<u>\$ (40)</u>	<u>\$ (11)</u>	<u>\$ 12</u>

(a), (b), and (c) See Page 4

CHRISTIAN COUNTY  
 THOMAS E. SCILLIAN, FORMER SHERIFF  
 SHERIFF'S SETTLEMENT - 1998 TAXES  
 July 13, 1999  
 (Continued)

(a) Commissions:

10% on	\$	10,000
4.25% on	\$	5,043,847
3% on	\$	4,829,959

- (b) The Sheriff has over-paid commissions in the amount of \$416 to the fiscal court as excess fees.  
 This \$416 was actually tax collections for the county instead of tax commissions.

(c) Special Taxing Districts:

Health District	\$	(9)
Extension District		(5)
Soil Conservation District		(1)
West Fork Watershed District		(6)
Upper Tradewater Watershed District		<u>(19)</u>
Refunds Due Sheriff	\$	<u><u>(40)</u></u>

The accompanying notes are an integral part of the financial statement.



CHRISTIAN COUNTY  
NOTES TO FINANCIAL STATEMENT

July 13, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The former Sheriff maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The former Sheriff met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

CHRISTIAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
July 13, 1999  
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1998. Property taxes were billed to finance governmental services for the year ended June 30, 1999. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 28, 1998 through December 31, 1998.

Note 4. Interest Income

The former Christian County Sheriff earned \$20,815 as interest income on 1998 taxes. The Sheriff distributed an appropriate amount to the school district as required by statute, and the remainder was used to operate the Sheriff's office.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Steve Tribble, County Judge/Executive  
Honorable William Gloyd, Christian County Sheriff  
Honorable Thomas E. Scillian, Former Christian County Sheriff  
Members of the Christian County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Christian County Sheriff's Settlement - 1998 Taxes as of July 13, 1999, and have issued our report thereon dated August 24, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Christian County Sheriff's Settlement - 1998 Taxes as of July 13, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Christian County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Steve Tribble, County Judge/Executive  
Honorable William Gloyd, Christian County Sheriff  
Honorable Thomas E. Scillian, Former Christian County Sheriff  
Members of the Christian County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 24, 1999

